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INVESTMENT THEMES 2010

06/01/2010

If you are wondering what to buy in a market that has already run up by 80% on a YTD basis, here are some investment themes for 2010 that can be utilized.

Going forward, we are more bullish on the midcap companies as there is potential upside in them. The valuation are more attractive with Price/Earnings multiple as low as 5x . For the upcoming years, we are bullish on midcap banking and Cement space .The growth in infrastructure and construction activities will drive cement demand going forward as "Infrastructure grows India grows

ABML's Investment themes are as follows:

1. **Food Inflation**
2. **Concrete Cement**
3. **Mid cap Banking**

FOOD INFLATION: india's annual food articles inflation based on wholesale prices moved up by 19.95% on a YoY basis for the first week of Dec 09.

The following sectors will be positively impacted:

- **Fertilisers**
- **Food processing**
- **Sugar (refer our report on Sugar Industry dated 27th July 2009)**
- **Tea**

The following are the scrips that capitalize on the food inflation theme and offers potential upside.

(Rs in Crores)

SCRIP NAME	SECTOR	CMP	MKT CAP	MKT CAP/ TTM		TTM PAT	EPS	P/E	TARGET	UPSIDE
				SALES	SALES					
Deepak Fert	Fertilizers	117.00	1,031.94	0.81	1,280.08	137.51	15.59	7.50	140.00	19.66%
Usher agro	Food-processing	53.05	112.47	0.48	233.76	16.38	7.73	6.87	65.00	22.53%
Kohinoor	Food-processing	59.70	168.35	0.24	703.37	(3.60)	-	-	70.00	17.25%
LT foods	Food-processing	68.05	178.29	0.17	1,052.87	46.81	17.87	3.81	84.00	23.44%
KRBL	Food-processing	220.50	535.82	0.39	1,389.94	57.27	23.57	9.36	240.00	8.84%
Rana Sugar	Sugar	15.05	211.15	0.82	256.83	(15.00)	-	-	50.00	232.23%
Andhra Sugar	Sugar	131.80	357.18	0.63	566.92	43.29	15.97	8.25	250.00	89.68%
CCL Products*	coffee	209.70	278.90	0.66	425.27	21.60	16.24	12.91	250.00	19.22%

*CCL recommended today @ Rs.190. After our initiation stock went till Rs.209.75

Please note that in our report titled "CAPITALIZE ON FOOD INFLATION" (dated 22nd Dec 2009) we had mentioned 28 companies under this theme for investment. Since most of the stocks have already given handsome returns from 22nd Dec till date, We have above mentioned selected stocks that yet to catch the fire and to move up.

CONCRETE CEMENT

The Indian cement industry is growing at a 5 year CAGR of 9.3%. India is the world's second largest producer of cement after China, with cement companies adding nearly 11 million tonnes (MT) capacity during April-September 2009, taking the total installed capacity to around 231 MT by September 2009.

In the first half of FY10, cement output grew 12% to 96.73 MT from 86.36MT a year ago, while consumption rose by 11.68% to 94.77 MT.

Further the cement production is expected to rise to 236.16 MT in FY11 and 262.61 MT in FY12.

(Rs in Crores)

Company name	Production FY09 (MT)	Installed capacity FY09(MTPA)	Capacity Utilized (%)	TTM Sales	TTM PAT	CMP	Mcap	Mcap/Sales	EPS	PE
ACC	20.83	22.62	92.08	7992.22	1626.39	910.00	17098.90	2.14	86.56	9.95
Guj Ambuja Cement	17.75	22	80.72	6975.73	1226.13	106.50	16223.15	2.33	8.05	12.30
India cement	12.95	9.11	70.36	3584.32	441.95	127.00	3588.77	1.00	15.64	7.37
Madras cement	6.52	9.99	65.33	2867.42	444.28	118.00	2808.40	0.98	18.67	6.13
Prism cement	1.86	1.5	124.05	964.24	190.44	51.00	1521.08	1.58	6.39	6.85
Dalmia Cement	3.38	6.5	52.07	558.83	53.85	177.50	1453.05	2.60	28.73	6.18
JK cement	3.79	4.47	84.97	1652.01	224.06	166.50	1164.33	0.70	32.04	4.68
JK lakshmi cement	3.69	4.74	77.95	1357.76	285.78	75.00	917.70	0.68	23.36	2.95
OCL India	2.68	5.35	50.22	1302.68	146.26	131.00	745.39	0.57	25.70	4.46
Mangalam cement	1.69	2	84.76	626.09	125.09	168.00	470.90	0.75	44.63	3.14
K C P	0.72	0.66	109.11	372.55	76.18	324.00	417.64	1.12	59.10	4.85
Kakatiya Cements	0.23	0.29	79.67	144.57	18.94	106.00	82.36	0.57	24.38	4.08

Government initiatives in the infrastructure sector, coupled with the housing sector boom and urban development, continue being the main drivers of growth for the Indian cement industry.

The above-mentioned scrips can be looked for investment with the potential upside of 10-20% in the next 6 months.

MID CAP BANKING SECTOR

The mid cap-banking sector is looking attractive with valuations as low as 5-6x its earnings. The dividend yields are also attractive. Below are the stocks, which can be seen for investment.

SCRIP NAME	SECTOR	CMP	MKT CAP(Crs)	EPS	P/E	TARGET	UPSIDE
IOB	Banks-public sector	115.00	6265.20	22.57	5.10	125.00	8.70%
Syndicate bank	Banks-public sector	96.80	5052.67	19.20	5.04	110.00	13.64%
karnataka bank	Banks-private sector	130.15	1585.49	18.78	6.93	150.00	15.25%
Allahabad bank	Banks-public sector	134.50	6008.12	28.43	4.73	144.00	7.06%
Federal bank	Banks-private sector	244.50	4181.68	32.48	7.53	280.00	14.52%
Corporation bank	Banks-public sector	448.70	6436.15	74.59	6.02	475.00	5.86%
Dena bank	Banks-public sector	88.75	2545.53	17.13	5.18	94.00	5.92%

Investors may please note that though we are sending a formal report now, we have already recommended the above mentioned scrips through investment strategy and short term Fundamental calls.

The themes were already sent as SMS a few days back.

**Benefit from our high quality advice.
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